

VZCZCXRO2665
PP RUEHBC RUEHDE RUEHIHL RUEHKUK
DE RUEHGB #2803/01 2451510
ZNY CCCCC ZZH
P 011510Z SEP 08
FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC PRIORITY 9161
INFO RUCNRAQ/IRAQ COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 002803

SIPDIS

E.O. 12958: DECL: 09/01/2018

TAGS: PREL PGOV IZ

SUBJECT: BASRA GOV WAELI MAKES CASE FOR ONE-PROVINCE REGION

REF: A. BAGHDAD 2474
¶B. BAGHDAD 2448

Classified By: Senior Advisor Gordon Gray for reasons 1.4 (b) and (d)

Summary

¶11. (C) Basra Governor Wa'eli (Fadhlilah) confidently outlined for Senior Advisor Gordon Gray on August 30 the progress made toward forming a regional government in Basra. The Governor emphasized that Basra would pursue a referendum on a one-province region in early 2009, with the possibility of a three-province region (including Dhi Qar and Maysan) in the near future. Wa'eli noted that opposition from ISCI/Badr and the Prime Minister could lead to potential intimidation of Iraqi High Electoral Commission (IHEC) officials, but felt confident that he would attain approved signatures from ten percent of Basra voters and hold a referendum. Wa'eli attempted to maintain a modicum of distance from the movement -- organized by his cousin -- but he clearly sees regional formation as the ticket to both provincial and personal advancement. The Governor was particularly interested in gauging U.S. response to a potential Basra Regional Government. End summary.

Mechanics of Region Formation

¶12. (C) The Governor explained with considerable enthusiasm that his cousin Abd al-Latif (an independent COR member from Basra) had gathered signatures from two percent (24,000) of Basra's 1,200,000 registered voters, enabling him to petition IHEC to call a referendum on Region Formation in Basra. After filing the petition -- which is imminent, he assured, but not yet done -- petition organizers will have 60 days to gather additional signatures (96,000-plus) to reach ten percent of all registered voters and therefore hold the referendum. Upon receiving the ten percent petition, the director of the IHEC office in Basra must submit the list to the Council of Ministers, who, in turn, must submit the petition to the Baghdad IHEC office within 15 days, Wa'eli asserted. Once names are certified, the Baghdad IHEC office must schedule a referendum within 90 days. For the referendum to be approved, over 50 percent of the voters in the province must participate, and over 50 percent of those participating must vote in favor. Under the scenario described, Wa'eli estimated that elections could be held as early as February. The Governor seemed confident that signatures would be gathered, that the referendum would be held without great delay, and that the referendum would succeed.

Every Province a Region

¶13. (C) Describing Basrawi enthusiasm for Region Formation, the Governor noted that his province has particular grievances, with tremendous oil wealth, a dysfunctional power generation and distribution system that is now providing electricity only four hours per day, and the largest net

transfer of wealth to the central government. Therefore, he noted, Basra residents want to pursue a one-province region, not the three-province or nine-province ideas that have been floated by other Shi'a political leaders. (Note: The Governor's assertions about the popularity of Region Formation and the desire for a one-region formation are supported from other contacts in reftels. End note.) He conceded that it might be politically feasible to integrate Dhi Qar and Maysan into the region at a later date. The Governor said that these provinces would not need a referendum to join a Basra-led region; in his estimation, each province could join based on a two-thirds majority vote of a new Basra Regional Government and the Provincial Council of the province wishing to join. (Note: This is incorrect, according to our Iraqi constitutional experts. After the first two steps described by the Governor, a referendum to the voters in each petitioning province must take place. End Note) Wa'eli was less than enthusiastic about a three-province region, saying "Region Formation is the future in Iraq. Every province will want to be its own region."

What Basra Has to Gain

¶4. (C) In the Governor's view, Region Formation would bring about huge fiscal benefits. The central government allocated Basra a 160 million USD budget in 2006 and 176 million USD in 2007, he said. According to Wa'eli the Director General of the Public Works department told him he could only finish 4 percent of his ministry's core projects in Basra with the entire provincial budget. The Governor estimated that as an independent region his province could collect 1.5 billion USD

BAGHDAD 00002803 002 OF 002

in taxes, tolls, and fees. He also claimed that his province turns over 2.5 billion USD annually to the Ministry of Finance, 75 percent of which it would get back as a region. Needless to say, the Governor believes that retaining these funds will be the key to controlling budgets, generating electricity, and spurring economic development.

Overcoming Shi'a Opposition

¶5. (C) Wa'eli admitted that opposition from the central government and ISCI/Badr must be managed -- he was careful to cast his cousin, not himself, as organizer of the one-province region movement. Nevertheless, the Governor dismissed concerns that the Basra GEO office, which has seen staff members murdered in recent weeks, could be intimidated by petition opponents or overwhelmed by the need to subsequently register voters for provincial elections and handle the referendum process. He conceded that the major parties (ISCI, Da'wa, Fadhilah) in Basra have been loathe to declare formal support for the referendum for fear of repercussions from the Prime Minister's office or Badr Corps.

As a result, minor parties such as the Gathering for Democracy, the Nationalist Trend, al-Qassimi, and others with little to lose have played more of a leading role in the movement, with the Governor's consent.

Seeking Approval

¶6. (C) The Governor was curious to know what the U.S. thought about Region Formation in Basra. He related a recent conversation with the British Ambassador in which he was advised to tell his allies to back off from the Region Formation campaign. Gray responded that we were primarily concerned with making sure that Iraq maintains its territorial integrity and that any referenda are carried out in a transparent manner consistent with the Iraqi Constitution. He also cautioned that Region Formation may not be the silver bullet needed to address electricity production and other Basrawi concerns. The Governor argued against the final point, but appeared otherwise satisfied

that the U.S. would not try to oppose the process.

Comment

¶7. (C) With each subsequent meeting -- four with us in August alone -- Governor Wa'eli appears increasingly committed to the process of Region Formation in Basra. With the Governor's own low popularity in an election season, and with continued Basrawi frustration toward the central government, the timing appears right for the Governor to take the risk associated with attempting to carry a Region Formation campaign to its conclusion. Several factors will make the campaign more difficult than the Governor suggests -- there is no guarantee that signatures will be gathered and approved by IHEC easily, and his idea of a referendum by February seems overly optimistic. In the end, the campaign may still be no more than a bargaining chip against the central government to leverage higher budget allocations. But the Governor realizes that Basrawi frustration gives him a serious chance to succeed in creating a one-province Basra Regional Government, and he knows it. End comment.

BUTENIS